

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Market Structure Branch**

**RESOLUTION T-16682
August 22, 2002**

RESOLUTION

RESOLUTION T-16682. ROSEVILLE TELEPHONE COMPANY (U-1015-C). ORDER ACCEPTING SUBJECT TO CORRECTION OR ADJUSTMENT ANNUAL INTRASTATE EARNINGS ADVICE LETTER FILING IN COMPLIANCE WITH DECISION 96-12-074.

BY ADVICE LETTER NO. 680 FILED ON APRIL 2, 2002.

SUMMARY

This Resolution accepts Roseville Telephone Company's (RTC) intrastate earnings advice letter filing subject to any corrections, adjustments, or refunds that may be appropriate as a result of any future Commission decision.

BACKGROUND

New Regulatory Framework (NRF)

Decision 96-12-074 established a NRF program for RTC similar to that of Pacific Bell and GTEC (now Verizon).

RTC'S ANNUAL RATE OF RETURN FILING

Pursuant to D. 96-12-074, RTC filed its Annual Intrastate Earnings advice letter, which is to be filed every April 1 for the purpose of reporting its actual rate of return, and the market-based, benchmark, ceiling, and floor rates of return last found reasonable. RTC reported its intrastate ROR for year 2001 was 10.37%. Other references reported in RTC's filing included the following rates of return:

Market-Based	10.00%
Benchmark	11.50%
Ceiling	15.00%

NOTICE/PROTESTS

RTC states that it mailed copies of Advice Letter No.680 to interested parties. AL No. 680 was noticed in the Commission's Daily Calendar on April 5, 2002.

ORA protested AL No. 680 on April 18, 2002. ORA recommended that the Commission reject RTC's AL until a decision is reached in I. 01-04-026, as the findings may affect RTC's 2001 ROR. Alternately, ORA asked that RTC be required to file a supplement to AL No. 680 when the Commission decides I. 01-04-026.

RTC responded to ORA's Protest on April 29, 2001 stating that ORA had not pointed out any deficiencies with the AL No. 680. RTC claimed that I. 01-04-026 did not suspend the requirements of D.96-12-074, and further stated that their 2001 earnings are not a subject of I. 01-04-026. RTC asked that ORA's protest be rejected.

DISCUSSION

RTC's intrastate earnings advice letter has been properly filed in accordance with Ordering Paragraph (OP) 7 of D. 96-12-074, so there is no reason to reject it. Additionally, the Commission has no reason to order a supplement at this time. We do not know what effect, if any, the outcome of I.01-04-026 will have on RTC's reported 2001 ROR.

However, in order to preserve the Commission's options, RTC's reported ROR will be accepted subject to any corrections, adjustments, or refunds that may be appropriate as a result of any future Commission decision.

COMMENTS ON DRAFT RESOLUTION

The Telecommunications Division did not receive any comments on the draft resolution.

FINDINGS

- 1) Advice Letter No. 680 was filed in a timely manner.
- 2) RTC reported its ROR for year 2001 was 10.37%.
- 3) ORA filed a timely protest.
- 4) RTC's intrastate earnings advice letter was filed in accordance with OP 7 of D. 96-12-074.
- 5) RTC's 2001 ROR should be accepted subject to any corrections, adjustments, or refunds that may be appropriate as a result of any future Commission decision.
- 6) The reference RORs are as follows:
 - Market-Based – 10.00%
 - Benchmark – 11.50% (+ 150 basis points)
 - Ceiling – 15.00% (+ 500 basis points)

THEREFORE IT IS ORDERED THAT:

1. RTC's Annual Intrastate Earnings advice letter reporting its rate of return for the year 2001 shall be accepted subject to any corrections or adjustments that may be appropriate as a result of any future Commission decision.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 22, 2002. The following Commissioners approved it:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN

Executive Director

LORETTA M. LYNCH

President

HENRY M. DUQUE

CARL W. WOOD

GEOFFREY F. BROWN

MICHAEL R. PEEVEY

Commissioners